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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission
DOCKETED

MAR 31 2010

DOCKETED BY	<i>[Signature]</i>
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IN THE MATTER OF THE APPLICATION
OF ARIZONA PUBLIC SERVICE
COMPANY FOR A HEARING TO
DETERMINE THE FAIR VALUE OF THE
UTILITY PROPERTY OF THE COMPANY
FOR RATEMAKING PURPOSES, TO FIX A
JUST AND REASONABLE RATE OF
RETURN THEREON, TO APPROVE RATE
SCHEDULES DESIGNED TO DEVELOP
SUCH RETURN

DOCKET NO. E-01345A-08-0172

REQUEST FOR APPROVAL OF
OPTIONAL TIME-OF-USE
RATE SCHEDULES FOR
PUBLIC AND PRIVATE
SCHOOLS K-12

On December 30, 2009, the Arizona Corporation Commission ("Commission") entered Decision No. 71448 approving (with certain modifications not germane to the instant request) a Settlement Agreement between Arizona Public Service Company ("APS" or "Company") and numerous parties, including the Arizona School Boards Association and the Arizona Association of School Business Officials (collectively referred to as the "School Intervenors"). Section XXI, Paragraph 21.2 of such Settlement Agreement stated:

Within 90 days of the approval of the Settlement Agreement, APS will file a new optional TOU rate applicable to K-12 schools designed to provide daily and seasonal price signals to encourage load reductions during peak periods.

Since the entry of Decision No. 71448, APS has conferred with representatives of the School Intervenors as well as other school officials from diverse parts of the Company's service area to design the time-of-use ("TOU") rate(s) referenced in the

1 Settlement Agreement. The result of these discussions is the attached rate schedules GS-
2 Schools M (up to 400 kW) and GS-Schools L (over 400 kW). APS determined both from
3 a cost of service basis and in the interests of maintaining some measure of continuity for
4 participating schools vis-à-vis their current rate schedule that separate rate schedules were
5 appropriate for smaller and larger schools.

6 The Company believes that the proposed rates recognize the unique daily and
7 seasonal patterns of electrical usage for many schools. As such, they will provide an
8 opportunity, but not a guarantee, for schools to save money on their bill. For example, the
9 proposed rates have separate prices for three seasons: a summer peak season for the
10 months June through August, which has the highest energy prices; a summer shoulder
11 season for May, September and October; and a winter season for the remaining months.
12 As a result, schools that schedule time-off during the summer peak months or can even
13 delay starting the school year until September are more likely to benefit from these new
14 time-of-use rates.

15 In addition, the proposed rates offer three time periods each day during each
16 season. The summer peak and summer shoulder seasons have time-of-use prices for on-
17 peak hours, which are 3:00 p.m. to 8:00 p.m., shoulder hours, which are 11:00 a.m. to
18 3:00 p.m. and off-peak for all remaining hours. For the winter season, on-peak hours are
19 5:00 a.m. to 11:00 a.m., shoulder hours are 11:00 a.m. to 3:00 p.m., while all of the
20 remaining hours are off peak. Weekends are off peak during all three seasons.
21 Consequentially, schools that reduce their usage after 3:00 p.m. in the summer peak and
22 shoulder months, when APS' costs to provide electricity are the highest, are more likely to
23 benefit from these rates.

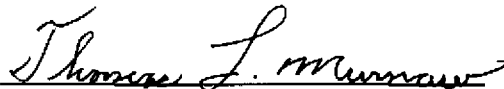
24 The proposed rates were designed to be revenue neutral as compared to the existing
25 general service rates E-32 M and E-32 L, which are the primary rate alternatives for
26 virtually all schools in the APS service area. This means that if all eligible schools moved

1 to the new time-of-use rates and did not alter their usage patters, the Company would not
2 expect to recover any additional revenue from this class of customers. As a practical
3 matter and because schools are not required to participate in the new rates, APS expects
4 that some revenue attrition will occur. This happens either because natural savers (i.e.,
5 those schools already using more than the average amount of electricity off peak) switch
6 to the rate or participating customers shift usage away from the peak summer season and
7 away from the peak summer hours per day.

8 APS requests approval of the attached rate schedules to become effective
9 for eligible customers with AMI on the first day of the month following such
10 approval. In that regard, APS will waive any application of the thirty-day period
11 referenced in A.R.S. Sections 40-367 and 40-250(B).

12 RESPECTFULLY SUBMITTED this 31st day of March 2010.

13 PINNACLE WEST CAPITAL CORP.
14 Law Department

15 
16 Thomas L. Mumaw

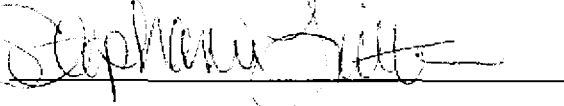
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18 Attorneys for Arizona Public Service Company

19 ORIGINAL AND 13 COPIES OF THE FOREGOING
20 filed this 31th day of March 2010 with:

21 Docket Control
22 Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

23 AND copies of the foregoing emailed or mailed
24 this 31st day of March 2010 to:

25 Parties of Record

26 

Copies of the foregoing delivered/mailed
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RATE SCHEDULE GS-SCHOOLS M
GENERAL SERVICE (0 kW – 400 kW)
TIME OF USE FOR ELEMENTARY AND SECONDARY SCHOOLS

AVAILABILITY

This rate schedule is available in all territory served by the Company at all points where facilities of adequate capacity and the required phase and suitable voltage are adjacent to the sites served.

APPLICATION

This rate schedule is applicable to Standard Offer electric service for private and public elementary and secondary schools (K-12) whose average monthly maximum demand is less than or equal to 400 kW per month.

Service must be supplied at one point of delivery and measured through one meter unless otherwise specified by an individual customer contract.

Rate selection is subject to paragraphs 3.2 through 3.3 of the Company's Schedule 1, Terms and Conditions for Standard Offer and Direct Access Services. Availability of this rate is subject to the availability of required metering equipment and completion of necessary enhancements to the Company's billing system.

This schedule is not applicable to breakdown, standby, supplemental, or resale service.

TYPE OF SERVICE

The type of service provided under this schedule will be single or three phase, 60 Hertz, at one standard voltage as may be selected by customer subject to availability at the customer's site. Three phase service is furnished under the Company's Schedule 3 (Conditions Governing Extensions of Electric Distribution Lines and Services). Three phase service is not furnished for motors of an individual rated capacity of less than 7-1/2 HP, except for existing facilities or where total aggregate HP of all connected three phase motors exceeds 12 HP. Three phase service is required for motors of an individual rated capacity of more than 7-1/2 HP.

Service under this schedule is generally provided at secondary voltage; primary voltage when the customer owns the distribution transformer(s), or transmission voltage.

RATES

The bill shall be computed at the following rates or the minimum rates, whichever is greater, plus any adjustments incorporated in this rate schedule:

Basic Service Charge:

For service through Self-Contained Meters:	\$ 0.672	per day, or
For service through Instrument-Rated Meters:	\$ 1.324	per day, or
For service at Primary Voltage:	\$ 3.415	per day, or
For service at Transmission Voltage:	\$ 26.163	per day



RATE SCHEDULE GS-SCHOOLS M
GENERAL SERVICE (0 kW – 400 kW)
TIME OF USE FOR ELEMENTARY AND SECONDARY SCHOOLS

RATES (cont)

Demand Charge:

Secondary Service:	\$ 9.597	per kW for the first 100 kW, plus
	\$ 5.105	per kW for all additional kW, or
Primary Service:	\$ 8.905	per kW for the first 100 kW, plus
	\$ 4.412	per kW for all additional kW, or
Transmission Service:	\$ 6.942	per kW for the first 100 kW, plus
	\$ 2.450	per kW for all additional kW

Energy Charge:

June – August Billing Cycles (Summer Peak)
\$ 0.17316 per kWh during On-Peak hours, plus \$ 0.12827 during Shoulder-Peak hours \$ 0.06477 during Off-Peak hours

May, September, and October Billing Cycles (Summer Shoulder)	November – April Billing Cycles (Winter)
\$ 0.14953 per kWh during On-Peak hours, plus \$ 0.11077 during Shoulder-Peak hours \$ 0.05593 during Off-Peak hours	\$ 0.11589 per kWh during On-Peak hours, plus \$ 0.08585 during Shoulder-Peak hours \$ 0.04335 during Off-Peak hours

MINIMUM

The bill will not be less than the applicable Basic Service charge plus \$2.189 for each kW of either: (1) the highest kW established during the twelve (12) months ending with the current month; or (2) the minimum kW specified in an agreement for service, whichever is the greater.

POWER FACTOR

The customer deviation from phase balance shall not be greater than ten percent (10%) at any time. Customers receiving service at voltage levels below 69 kV shall maintain a power factor of 90% lagging but in no event leading unless agreed to by Company. Service voltage levels at 69 kV or above shall maintain a power factor of $\pm 95\%$ at all times. In situations where Company suspects that a customer's load has a non-confirming power factor, Company may install at its cost, the appropriate metering to monitor such loads. If the customer's power factor is found to be non-confirming, the customer will be required to pay the cost of installation and removal of VAR metering and recording equipment.

Customers found to have a non-confirming power factor, or other detrimental conditions shall be required to remedy problems, or pay for facilities/equipment that Company must install on its system to correct for problems caused by the customer's load. Until such time as the customer remedies the problem to Company satisfaction, kVA may be substituted for kW in determining the applicable charge for billing purposes for each month in which such failure occurs.



RATE SCHEDULE GS-SCHOOLS M
GENERAL SERVICE (0 kW – 400 kW)
TIME OF USE FOR ELEMENTARY AND SECONDARY SCHOOLS

DETERMINATION OF KW

For billing purposes, including determination of Monthly Maximum Demands, the kW used in this rate schedule shall be based on the average kW supplied during the 15-minute period of maximum use during the month as determined from readings of the Company's meter.

TIME PERIODS

Time periods applicable to usage under this rate schedule are as follows:

Summer Peak (June - August)

On-Peak hours:	3:00 pm – 8:00 pm Monday through Friday
Shoulder-Peak hours:	11:00 am – 3:00 pm Monday through Friday
Off-Peak hours:	All remaining hours

Summer Shoulder (May, September and October)

On-Peak hours:	3:00 pm – 8:00 pm Monday through Friday
Shoulder-Peak hours:	11:00 am – 3:00 pm Monday through Friday
Off-Peak hours:	All remaining hours

Winter (November - April)

On-Peak hours:	5:00 am – 11:00 am Monday through Friday
Shoulder-Peak hours:	3:00 pm – 8:00 pm Monday through Friday
Off-Peak hours:	All remaining hours

Mountain Standard Time shall be used in the application of this rate schedule.

ADJUSTMENTS

- 1 The bill is subject to the Renewable Energy Standard as set forth in the Company's Adjustment Schedule RES pursuant to Arizona Corporation Commission Decision No. 70313.
- 2 The bill is subject to the Power Supply Adjustment factor as set forth in the Company's Adjustment Schedule PSA-1 pursuant to Arizona Corporation Commission Decision No. 67744, Arizona Corporation Commission Decision No. 69663, and Arizona Corporation Commission Decision No. 71448.
- 3 The bill is subject to the Transmission Cost Adjustment factor as set forth in the Company's Adjustment Schedule TCA-1 pursuant to Arizona Corporation Commission Decision No. 67744.
- 4 The bill is subject to the Environmental Improvement Surcharge as set forth in the Company's Adjustment Schedule EIS pursuant to Arizona Corporation Commission Decision No. 69663.
- 5 The bill is subject to the Competition Rules Compliance Charge as set forth in the Company's Adjustment Schedule CRCC-1 pursuant to Arizona Corporation Commission Decision No. 67744.
- 6 *Direct Access customers returning to Standard Offer service may be subject to a Returning Customer Direct Access Charge as set forth in the Company's Adjustment Schedule RCDAC-1 pursuant to Arizona Corporation Commission Decision No. 67744.*



**RATE SCHEDULE GS-SCHOOLS M
GENERAL SERVICE (0 kW – 400 kW)
TIME OF USE FOR ELEMENTARY AND SECONDARY SCHOOLS**

ADJUSTMENTS (cont)

7. The bill is subject to the Demand Side Management Adjustment charge as set forth in the Company's Adjustment Schedule DSMAC-1 pursuant to Arizona Corporation Commission Decision No. 67744 and Arizona Corporation Commission Decision No. 71448.
8. The bill is subject to the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of APS and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

CONTRACT PERIOD

The contract period for all customers receiving service under this rate schedule will be one (1) year at the Company's option.

TERMS AND CONDITIONS

Service under this rate schedule is subject to the Company's Schedule 1, Terms and Conditions for Standard Offer and Direct Access Services, which contains provisions that may affect the customer's bill. In addition, service may be subject to special terms and conditions as provided for in a customer contract or service agreement.



RATE SCHEDULE GS-SCHOOLS L
GENERAL SERVICE (400 kW+)
TIME OF USE FOR ELEMENTARY AND SECONDARY SCHOOLS

AVAILABILITY

This rate schedule is available in all territory served by the Company at all points where facilities of adequate capacity and the required phase and suitable voltage are adjacent to the sites served.

APPLICATION

This rate schedule is applicable to Standard Offer electric service for private and public elementary and secondary schools (K-12) whose average monthly maximum demand is greater than 400 kW and less than 3,000 kW per month.

Service must be supplied at one point of delivery and measured through one meter unless otherwise specified by an individual customer contract.

Rate selection is subject to paragraphs 3.2 through 3.3 of the Company's Schedule 1, Terms and Conditions for Standard Offer and Direct Access Services. Availability of this rate is subject to the availability of required metering equipment and completion of necessary enhancements to the Company's billing system

This schedule is not applicable to breakdown, standby, supplemental, or resale service.

TYPE OF SERVICE

The type of service provided under this schedule will be single or three phase, 60 Hertz, at one standard voltage as may be selected by customer subject to availability at the customer's site. Three phase service is furnished under the Company's Schedule 3 (Conditions Governing Extensions of Electric Distribution Lines and Services). Three phase service is not furnished for motors of an individual rated capacity of less than 7-1/2 HP, except for existing facilities or where total aggregate HP of all connected three phase motors exceeds 12 HP. Three phase service is required for motors of an individual rated capacity of more than 7-1/2 HP.

Service under this schedule is generally provided at secondary voltage; primary voltage when the customer owns the distribution transformer(s), or transmission voltage.

RATES

The bill shall be computed at the following rates or the minimum rates, whichever is greater, plus any adjustments incorporated in this rate schedule:

Basic Service Charge:

For service through Self-Contained Meters:	\$ 1.068	per day, or
For service through Instrument-Rated Meters:	\$ 1.627	per day, or
For service at Primary Voltage:	\$ 3.419	per day, or
For service at Transmission Voltage:	\$ 22.915	per day



RATE SCHEDULE GS-SCHOOLS L
GENERAL SERVICE (400 kW+)
TIME OF USE FOR ELEMENTARY AND SECONDARY SCHOOLS

RATES (cont)

Demand Charge:

Secondary Service:	\$ 9.384	per kW for the first 100 kW, plus
	\$ 4.993	per kW for all additional kW, or
Primary Service:	\$ 8.703	per kW for the first 100 kW, plus
	\$ 4.315	per kW for all additional kW, or
Transmission Service:	\$ 6.788	per kW for the first 100 kW, plus
	\$ 2.396	per kW for all additional kW

Energy Charge:

June – August Billing Cycles (Summer Peak)
\$ 0.15475 per kWh during On-Peak hours, plus \$ 0.11463 during Shoulder-Peak hours \$ 0.06334 during Off-Peak hours

May, September, and October Billing Cycles (Summer Shoulder)	November – April Billing Cycles (Winter)
\$ 0.13363 per kWh during On-Peak hours, plus \$ 0.09898 during Shoulder-Peak hours \$ 0.05470 during Off-Peak hours	\$ 0.10356 per kWh during On-Peak hours, plus \$ 0.07671 during Shoulder-Peak hours \$ 0.04239 during Off-Peak hours

MINIMUM

The bill will not be less than the applicable Basic Service charge plus \$2.115 for each kW of either: (1) the highest kW established during the twelve (12) months ending with the current month; or (2) the minimum kW specified in an agreement for service, whichever is the greater.

POWER FACTOR

The customer deviation from phase balance shall not be greater than ten percent (10%) at any time. Customers receiving service at voltage levels below 69 kV shall maintain a power factor of 90% lagging but in no event leading unless agreed to by Company. Service voltage levels at 69 kV or above shall maintain a power factor of $\pm 95\%$ at all times. In situations where Company suspects that a customer's load has a non-confirming power factor, Company may install at its cost, the appropriate metering to monitor such loads. If the customer's power factor is found to be non-confirming, the customer will be required to pay the cost of installation and removal of VAR metering and recording equipment.

Customers found to have a non-confirming power factor, or other detrimental conditions shall be required to remedy problems, or pay for facilities/equipment that Company must install on its system to correct for problems caused by the customer's load. Until such time as the customer remedies the problem to Company satisfaction, kVA may be substituted for kW in determining the applicable charge for billing purposes for each month in which such failure occurs.



RATE SCHEDULE GS-SCHOOLS L
GENERAL SERVICE (400 kW+)
TIME OF USE FOR ELEMENTARY AND SECONDARY SCHOOLS

DETERMINATION OF KW

For billing purposes, including determination of Monthly Maximum Demands, the kW used in this rate schedule shall be based on the average kW supplied during the 15-minute period of maximum use during the month as determined from readings of the Company's meter.

TIME PERIODS

Time periods applicable to usage under this rate schedule are as follows:

Summer Peak (June - August)

On-Peak hours: 3:00 pm – 8:00 pm Monday through Friday
Shoulder-Peak hours: 11:00 am – 3:00 pm Monday through Friday
Off-Peak hours: All remaining hours

Summer Shoulder (May, September and October)

On-Peak hours: 3:00 pm – 8:00 pm Monday through Friday
Shoulder-Peak hours: 11:00 am – 3:00 pm Monday through Friday
Off-Peak hours: All remaining hours

Winter (November - April)

On-Peak hours: 5:00 am – 11:00 am Monday through Friday
Shoulder-Peak hours: 3:00 pm – 8:00 pm Monday through Friday
Off-Peak hours: All remaining hours

Mountain Standard Time shall be used in the application of this rate schedule.

ADJUSTMENTS

- 1 The bill is subject to the Renewable Energy Standard as set forth in the Company's Adjustment Schedule RES pursuant to Arizona Corporation Commission Decision No. 70313.
- 2 The bill is subject to the Power Supply Adjustment factor as set forth in the Company's Adjustment Schedule PSA-1 pursuant to Arizona Corporation Commission Decision No. 67744, Arizona Corporation Commission Decision No. 69663, and Arizona Corporation Commission Decision No. 71448.
- 3 The bill is subject to the Transmission Cost Adjustment factor as set forth in the Company's Adjustment Schedule TCA-1 pursuant to Arizona Corporation Commission Decision No. 67744.
- 4 The bill is subject to the Environmental Improvement Surcharge as set forth in the Company's Adjustment Schedule EIS pursuant to Arizona Corporation Commission Decision No. 69663.
- 5 The bill is subject to the Competition Rules Compliance Charge as set forth in the Company's Adjustment Schedule CRCC-1 pursuant to Arizona Corporation Commission Decision No. 67744.
- 6 Direct Access customers returning to Standard Offer service may be subject to a Returning Customer Direct Access Charge as set forth in the Company's Adjustment Schedule RCDAC-1 pursuant to Arizona Corporation Commission Decision No. 67744.



RATE SCHEDULE GS-SCHOOLS L
GENERAL SERVICE (400 kW+)
TIME OF USE FOR ELEMENTARY AND SECONDARY SCHOOLS

ADJUSTMENTS (cont)

7. The bill is subject to the Demand Side Management Adjustment charge as set forth in the Company's Adjustment Schedule DSMAC-1 pursuant to Arizona Corporation Commission Decision No. 67744 and Arizona Corporation Commission Decision No. 71448.
8. The bill is subject to the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of APS and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

CONTRACT PERIOD

The contract period for all customers receiving service under this rate schedule will be one (1) year at the Company's option.

TERMS AND CONDITIONS

Service under this rate schedule is subject to the Company's Schedule 1, Terms and Conditions for Standard Offer and Direct Access Services, which contains provisions that may affect the customer's bill. In addition, service may be subject to special terms and conditions as provided for in a customer contract or service agreement.